

Bidder Alerts: All applicants must certify on their FCC Form 175 applications under penalty of perjury that they are legally, technically, financially and otherwise qualified to hold a license, and not in default on any payment for Commission licenses (including down payments) or delinquent on any non-tax debt owed to any Federal agency. Prospective bidders are reminded that submission of a false certification to the Commission is a serious matter that may result in severe penalties, including monetary forfeitures, license revocations, exclusion from participation in future auctions, and/or criminal prosecution.

The FCC makes no representations or warranties about the use of this spectrum for particular services. Applicants should be aware that an FCC auction represents an opportunity to become an FCC licensee in this service, subject to certain conditions and regulations. An FCC auction does not constitute an endorsement by the FCC of any particular services, technologies or products, nor does an FCC license constitute a guarantee of business success. Applicants should perform their individual due diligence before proceeding as they would with any new business venture.

As is the case with many business investment opportunities, some unscrupulous entrepreneurs may attempt to use the Paging auction to deceive and defraud unsuspecting investors. Common warning signals of fraud include the following:

- ☞ The first contact is a "cold call" from a telemarketer, or is made in response to an inquiry prompted by a radio or television infomercial.
- ☞ The offering materials used to invest in the venture appear to be targeted at IRA funds, for example by including all documents and papers needed for the transfer of funds maintained in IRA accounts.
- ☞ The amount of the minimum investment is less than \$25,000.
- ☞ The sales representative makes verbal representations that: (a) the Internal Revenue Service ("IRS"), Federal Trade Commission ("FTC"), Securities and Exchange Commission ("SEC"), FCC, or other government agency has approved the investment; (b) the investment is not subject to state or federal securities laws; or (c) the investment will yield unrealistically high short-term profits. In addition, the offering materials often include copies of actual FCC releases, or quotes from FCC personnel, giving the appearance of FCC knowledge or approval of the solicitation.

Information about deceptive telemarketing investment schemes is available from the FTC at (202) 326-2222 and from the SEC at (202) 942-7040. Complaints about specific deceptive telemarketing investment schemes should be directed to the FTC, the SEC, or the National Fraud Information Center at (800) 876-7060. Consumers who have concerns about specific 929 and 931 MHz Paging proposals may also call the FCC National Call Center at (888) CALL-FCC ((888) 225-5322).

DUE DILIGENCE

Potential bidders are reminded that there are a number of incumbent licensees already licensed and operating on frequencies that will be subject to the upcoming auction. Geographic area licensees in accordance with the Commission's Rules must protect such incumbents from harmful interference. *See* 47 C.F.R. § 22.503(i). These limitations may restrict the ability of such geographic area licensees to use certain portions of the electromagnetic spectrum or provide service to certain areas in their geographic license areas.

In addition, potential bidders seeking licenses for geographic areas adjacent to the Canadian and Mexican border should be aware that the use of some or all of the channels they acquire in the auction could be restricted as a result of agreements with Canada or Mexico on the use of 929 and 931 MHz spectrum in the border area.¹

Potential bidders should also be aware that certain applications (including those for modification), waiver requests, petitions to deny, petitions for reconsideration, and applications for review are pending before the Commission that relate to particular applicants or incumbent licensees. In addition, certain decisions reached in the paging proceeding are the subject to judicial appeal and may be the subject of additional reconsideration or appeal. We note that resolution of these matters could have an impact on the availability of spectrum for MEA licensees in the 929 and 931 MHz bands. In addition, while the Commission will continue to act on pending applications, requests and petitions, some of these matters may not be resolved by the time of the auction.

Potential bidders are solely responsible for investigating and evaluating the degree to which such pending matters may affect spectrum availability in areas where they seek MEA licenses.

Potential bidders are referred to the August 12, 1999, Public Notice for a list of matters pending before the Commission (as of July 29, 1999) that relate to licenses or applications for the 929 MHz and 931 MHz service.² The Commission plans to update this information prior to the Form 175 filing deadline of January 20, 2000 in a separate Public Notice. The Commission makes no representations or guarantees that the listed matters are the only pending matters that could affect spectrum availability in the 929 or 931 MHz bands.

¹ *See* December 19, 1995 Letter of Understanding with Mexico related to the temporary use of 929-932 MHz channels for paging services within 120 kilometers (75 miles) of the common border; *see also* U.S.-Canada Interim Coordination Considerations for the Band 929-932 MHz, as amended.

² *See* Auction of 929 and 931 MHz Paging Service Spectrum, *Public Notice*, DA 99-1591 (rel. August 12, 1999).

In addition, potential bidders may research the Bureau's licensing databases on the World Wide Web in order to determine which frequencies are already licensed to incumbent licensees. Because some of our incumbent paging licensing records have not yet been converted to the Bureau's new Universal Licensing System (ULS), potential bidders may have to select other databases to perform research for the frequency(s) of interest. The research options below will allow potential bidders to download licensing data, as well as to perform queries online.

929 MHz band Incumbent Licenses: Licensing records for the 929 MHz band are contained in the Bureau's Land Mobile database (not ULS) and may be researched on the internet at <http://www.fcc.gov/wtb> by selecting the "Databases" link at the top of the page. Potential bidders may download a copy of the licensing database by selecting "Download the Wireless Databases" and choosing the appropriate files under "Land Mobile Database Files - 47 C.F.R. Parts 74, 90, and 95." Alternatively, potential bidders may query the Bureau's licensing records online by selecting "Search the Wireless Databases Online."

931 MHz band Incumbent Licenses: Licensing records for the 931 MHz band are contained in the Bureau's ULS and may be researched on the internet at <http://www.fcc.gov/wtb/uls> by selecting the "License Search" button in the left frame. Potential bidders may query the database online and download a copy of their search results if desired. The Bureau recommends that potential bidders select the "Frequency" option under License Search, specify the desired frequency, and use the "GeoSearch" button at the bottom of the screen to limit their searches to a particular geographic area. Detailed instructions on using License Search (including frequency searches and the GeoSearch capability) and downloading query results are available online by selecting the "?" button at the bottom right-hand corner of the License Search screen.

Potential bidders should direct questions regarding the search capabilities described above to the FCC Technical Support Hotline at (202) 414-1250 (voice) or (202) 414-1255 (TTY), or via email at ulscomm@fcc.gov. The hotline is available Monday through Friday, from 8:00 AM to 6:00 PM Eastern Time. In order to provide better service to the public, *all calls to the hotline are recorded.*

The Commission makes no representations or guarantees regarding the accuracy or completeness of information that has been provided by incumbent licensees and incorporated into the database. Potential bidders are strongly encouraged to physically inspect any sites located in or near the geographic area for which they plan to bid.

PRE-AUCTION PROCEDURES

1. Auction Seminar

On January 7, 2000, the FCC will sponsor a free seminar for the 929 and 931 MHz Paging Auction at the Federal Communications Commission, located at 445 12th Street, S.W. Washington, D.C. The seminar will provide attendees with information about pre-auction procedures, conduct of the auction, FCC remote bidding software, and the 929 and 931 MHz Paging service and auction rules. The seminar will also provide a unique opportunity for prospective bidders to ask questions of FCC staff.

To register, complete the registration form included in Tab F and submit it by Wednesday, January 5, 2000. Registrations are accepted on a first-come, first-served basis.

2. Prohibition of Collusion

To ensure the competitiveness of the auction process, the Commission's Rules prohibit applicants for the same geographic license area from communicating with each other during the auction about bids, bidding strategies, or settlements. This prohibition begins with the filing of short-form applications, and ends on the down payment due date. To comply with this rule, bidders competing for the same license(s) should not use the same individual authorized bidder. A violation of the anti-collusion rule could occur if an individual acts as the authorized bidder for two or more competing applicants, and conveys information concerning the substance of bids or bidding strategies between the bidders he/she is authorized to represent in the auction. Also, if the authorized bidders are different individuals employed by the same organization (e.g., law firms or consulting firm), a violation could similarly occur. In such instances, the Bureau **strongly encourages** applicants to certify on their applications that precautionary steps (e.g., establishing a "Chinese wall") have been taken to prevent communication between authorized bidders and that applicants and their bidding agents will comply with the anti-collusion rule.¹ The Bureau, however, cautions that merely filing a certifying statement as part of an application will not outweigh specific evidence that collusive behavior has occurred nor will it preclude the initiation of an investigation when warranted.² In the Paging auction, for example, the rule would apply to any applicants bidding for the same MEA. Therefore, applicants that apply to bid for "all markets" would be precluded from communicating with all other applicants after filing the FCC Form 175. However, applicants may enter into bidding agreements before filing their FCC Form 175 short-form applications, as long as they disclose the existence of the agreement(s) in their Form

¹ See, e.g., "Wireless Telecommunications Bureau Responds to Questions About the Local Multipoint Distribution Service Auction," *Public Notice*, 13 FCC Rcd 341 (1998); In re Application of Nevada Wireless for a License to Provide 800 MHz Specialized Mobile Radio Service in the Farmington, NM-CO Economic Area (EA-155) Frequency Band A, *Memorandum Opinion and Order*, 13 FCC Rcd 11973, 11977, ¶ 11 (1998) ("Nevada Wireless").

² See Nevada Wireless, 13 FCC Rcd at 11978, ¶ 13 (1998).

175 short-form applications.³ By signing their FCC Form 175 short form applications, applicants are certifying their compliance with Section 1.2105(c). In addition, Section 1.65 of the Commission's Rules requires an applicant to maintain the accuracy and completeness of information furnished in its pending application and to notify the Commission within 30 days of any substantial change that may be of decisional significance to that application.⁴ Thus, Section 1.65 requires an auction applicant to notify the Commission of any violation of the anti-collusion rules upon learning of such violation. Bidders are therefore required to make such notification to the Commission immediately upon discovery.

3. Short-Form Application (FCC Form 175) -- Due January 20, 2000

In order to be eligible to bid in this auction, applicants must first electronically submit an FCC Form 175 application. **This application must be received at the Commission by 5:30 p.m. ET on January 20, 2000.** Late applications will not be accepted.

There is no application fee required when filing an FCC Form 175. However, to be eligible to bid, an applicant must submit an upfront payment. See Upfront Payment Section in this Tab.

(a) Electronic Filing

Applicants must file their FCC Form 175 applications electronically.⁵ Applications may generally be filed at any time from January 7, 2000 until 5:30 p.m. ET on January 20, 2000. Applicants are strongly encouraged to file early, and applicants are responsible for allowing adequate time for filing their applications. Applicants may update or amend their electronic applications multiple times until the filing deadline of January 20, 2000.

Applicants must press the "**Submit Form 175**" button on the "Submit" page of the electronic form to successfully submit their FCC Forms 175. Information about accessing the FCC Form 175 is included in Tab F. Technical support is available at (202) 414-1250 (voice) or (202) 414-1255 (text telephone (TTY)); the hours of service are 8 a.m. - 6 p.m. ET, Monday – Friday.

(b) Completion of the FCC Form 175

Applicants should carefully review 47 C.F.R. § 1.2105, and must complete all items on the FCC Form 175. Instructions for completing the FCC Form 175 are located in Tab F. Applicants are encouraged to begin preparing the required attachments for FCC Form 175 prior to submitting the form. Tab F also provides information on the required attachments and appropriate formats.

³ See C.F.R. § 1.2105(c).

⁴ See C.F.R. § 1.65.

⁵ All short-form applications must be filed electronically. See 47 C.F.R. § 1.2105 (a).

(c) Electronic Review of FCC Form 175

The FCC Form 175 review software may be used to review and print applicants' FCC Form 175 information. Applicants may also view other applicants' completed FCC Form 175s after the filing deadline has passed and the FCC has issued a public notice explaining the status of the applications. **For this reason, it is important that applicants do not include their Taxpayer Identification Numbers (TINs) on any Exhibits to their FCC Form 175 applications.** There is no fee for accessing this system. See Tab F for details.

4. Application Processing and Minor Corrections

After the deadline for filing the FCC Form 175 applications has passed, the FCC will process all timely submitted applications to determine which are acceptable for filing, and subsequently will issue a public notice identifying: (1) those applications accepted for filing (including FCC account numbers and the licenses for which they applied); (2) those applications rejected; and (3) those applications which have minor defects that may be corrected, and the deadline for filing such corrected applications.

As described more fully in the Commission's Rules, after the January 20, 2000, short form filing deadline, applicants may make only minor corrections to their FCC Form 175 applications. Applicants will not be permitted to make major modifications to their applications (*e.g.*, change their license selections, change the certifying official, change control of the applicant, or change bidding credit eligibility).⁶

5. Upfront Payments -- Due February 7, 2000

In order to be eligible to bid in the auction, applicants must submit an upfront payment accompanied by an FCC Remittance Advice Form (FCC Form 159). After completing the FCC Form 175, filers will have access to an electronic version of the FCC Form 159. All upfront payments must be received at Mellon Bank in Pittsburgh, PA, by 6:00 p.m. ET on February 7, 2000.

Please note that:

- All payments must be made in U.S. dollars.
- All payments must be made by wire transfer.
- Upfront payments for Auction # 26 go to a lockbox number different from the ones used in previous FCC auctions, and different from the lockbox number to be used for post-auction payments.

⁶ See 47 C.F.R. § 1.2105. See also Two Way Radio of Carolina, Inc., *Memorandum, Opinion and Order*, FCC 99-189 (rel. July 22, 1999).

- Failure to deliver the upfront payment by the February 7, 2000 deadline will result in dismissal of the application and disqualification from participation in the auction.

(a) Making Auction Payments by Wire Transfer

Wire transfer payments must be received by **6:00 p.m. ET on February 7, 2000**. To avoid untimely payments, applicants should discuss arrangements (including bank closing schedules) with their banker several days before they plan to make the wire transfer, and allow sufficient time for the transfer to be initiated and completed before the deadline. Applicants will need the following information:

ABA Routing Number: 043000261
 Receiving Bank: Mellon Pittsburgh
 BNF: FCC/AC 911-6878
 OBI Field: (Skip one space between each information item)
 "AUCTIONPAY"
 TAXPAYER IDENTIFICATION NO. (same as FCC Form 159, block 26)
 PAYMENT TYPE CODE (enter "A26U")
 FCC CODE 1 (same as FCC Form 159, block 23A: "26")
 PAYER NAME (same as FCC Form 159, block 2)
 LOCKBOX NO. # 358400

NOTE: The BNF and Lockbox number are specific to the upfront payments for this auction; do not use BNF or Lockbox numbers from previous auctions.

Applicants must fax a completed FCC Form 159 to Mellon Bank at (412) 236-5702 at least one hour before placing the order for the wire transfer (but on the same business day). On the cover sheet of the fax, write "Wire Transfer - Auction Payment for Auction Event #26." Bidders may confirm receipt of their upfront payment at Mellon Bank by contacting their sending financial institution.

(b) FCC Form 159

A completed FCC Remittance Advice Form (FCC Form 159) must accompany each upfront payment. Proper completion of FCC Form 159 is critical to ensuring correct credit of upfront payments. Detailed instructions for completion of FCC Form 159 are included in Tab F.

(c) Upfront Payment Calculation

The use of eligibility and activity rules is an integral part of the simultaneous multiple round auction design. The eligibility rule regulates the licenses on which a bidder is qualified to bid, and the activity rule requires each bidder to be active on a certain percentage of those licenses. Both of these rules are based on the number of bidding

units that are assigned to each license in the auction and each bidder's total eligibility level (as measured in bidding units) which is determined by the upfront payment. Each license has been assigned a specific number of bidding units, generally based on the size of the license (i.e., the amount of spectrum and the population covered). These bidding unit amounts are listed at the front of this bidder information package. The number of bidding units assigned to each license does not change during the auction.

i.) Determining the Amount of Upfront Payment

Before the upfront payment deadline, it is the responsibility of all bidders to determine the licenses on which they intend to bid and calculate the total number of bidding units associated with those licenses. This is necessary because in order to be eligible to place a bid on a license, each bidder must have submitted an upfront payment that is large enough to meet or exceed the number of bidding units assigned to the license(s) on which he or she intends to bid.

To ensure that sufficient eligibility is purchased, each bidder must determine the licenses on which they wish to bid, add the number of bidding units associated with them, and submit an upfront payment sufficient to purchase that number of bidding units. For Auction No. 26, the amount of the upfront payment will be translated into bidding units on a one-to-one basis, *e.g.*, a \$25,000 upfront payment provides the bidder with 25,000 bidding units. These upfront monies are made in the form of a refundable deposit that is returned to the bidder if no obligation is owed to the Commission at the conclusion of the auction.

Upfront Payment Formula

For the Paging Auction the FCC has calculated the upfront payments on a license by license basis using the following formula:

$$$.0004 * \textit{population of license area}$$

The result for each license is rounded to the nearest hundred dollars for levels below \$10,000 and to the nearest thousand dollars for levels above \$10,000. There is a minimum upfront payment amount of \$2,500 per license. These amounts have been calculated and appear in this bidder information package.

It is extremely important that bidders be accurate in calculating and submitting an upfront payment to the Commission, because the Commission will not permit bidders to provide additional upfront monies to purchase additional bidding units after the upfront payment deadline. Providing an upfront payment that is too small may limit a bidder's ability to place bids on certain licenses. At a minimum, an applicant's total upfront payment must be sufficient to establish eligibility (as measured in bidding units) to bid on at least one of the licenses selected on the FCC Form 175. If the applicant does not purchase enough

bidding units to bid on any licenses, the applicant will not be eligible to participate in the auction.

Example 1: Determining the amount of upfront payment to submit:

Assume Bidder X intends to bid on the Boston, Buffalo, and Richmond licenses . The number of bidding units associated with these three licenses is 8,500. To purchase 8,500 bidding units, Bidder X must submit a timely upfront payment of \$8,500. A smaller upfront payment will limit the licenses on which Bidder X may bid (see text below for a more detailed explanation.)

License	Discription	Population	Upfront Payment	Bidding Units
MEA001	Boston	8,672,944	\$3,500.00	3,500
MEA003	Buffalo	1,529,735	\$2,500.00	2,500
MEA004	Philadelphia	7,942,319	\$3,200.00	3,200
MEA005	Washington	7,745,433	\$3,100.00	3,100
MEA006	Richmond	3,897,805	\$2,500.00	2,500
		Total:	\$ 8,500.00	8,500

ii.) Flexible Use of Eligibility

Bidding units are not specific to a license and can be applied toward any of the licenses a bidder has selected on their FCC Form 175 application. The 8,500 bidding units could be used toward the Boston, Buffalo and Richmond licenses as in Example 1. Alternatively, the 8,500 bidding units would allow Bidder X to bid on Philadelphia (3,200 bidding units) instead of Boston, along with Buffalo and Richmond (thereby using 8,200 bidding units).

Because bidding units do not apply to specific licenses, bidders can be afforded significant flexibility. However, the eligibility rule dictates that a bidder who wishes to bid on two markets at the same time must purchase enough bidding units to cover **both** markets. If the bidder is interested in one market **or** another, they must purchase enough bidding units to cover the larger of the two markets (as measured in bidding units).

Example 2: Upfront payments and bidding flexibility

If Bidder X wishes to bid on both Philadelphia and Washington, they must purchase at least 6,300 bidding units (3,200 + 3,100). If Bidder X only wishes to bid on one, but not both, purchasing 3,200 bidding units would meet the requirement for either market. The bidder would be able to bid on either, but not both at the same time. If the bidder purchased only 3,100 bidding units, Bidder X would have enough eligibility for Washington but not for Philadelphia.

License	Discription	Population	Upfront Payment	Bidding Units
MEA001	Boston	8,672,944	\$3,500.00	3,500
MEA003	Buffalo	1,529,735	\$2,500.00	2,500
MEA004	Philadelphia	7,942,319	\$3,200.00	3,200
MEA005	Washington	7,745,433	\$3,100.00	3,100
MEA006	Richmond	3,897,805	\$2,500.00	2,500

In order to preserve flexibility in the auction, bidders must carefully consider the markets on which they wish to place bids before submitting their upfront payment. The Form 175 filing software offers an upfront payment calculator feature that will help bidders calculate the appropriate upfront payment that should be submitted.

(d) Applicant's Wire Transfer Information for Purposes of Refunds

To ensure that refunds are processed in an expeditious manner, the Commission is requesting that **all pertinent information as listed below be supplied to the FCC no later than February 7, 2000**. The Commission will use wire transfers for all Auction No. 26 refunds. Please fax Wire Transfer Instructions to the FCC, Financial Operations Center, Auctions Accounting Group, ATTN: Michelle Bennett or Gail Glasser, at (202) 418-2843. For additional information please call (202) 418-1995.

Name of Bank
ABA Number
Contact and Phone Number
Account Number to Credit
Name of Account Holder
Correspondent Bank (if applicable)
ABA Number
Account Number

(Applicants should also note that implementation of the Debt Collection Improvement Act of 1996 requires the FCC to obtain a Taxpayer Identification Number (TIN) before it can disburse refunds.) Eligibility for refunds is discussed in "Post Auction Procedures", under Tab E.

6. Auction Registration

Approximately ten days before the auction, the FCC will issue a public notice announcing all qualified bidders for the auction. Qualified bidders are those applicants whose FCC Form 175 applications have been accepted for filing and that have timely submitted upfront payments sufficient to make them eligible to bid on at least one of the licenses for which they applied.

All qualified bidders are automatically registered for the auction. Registration materials will be distributed prior to the auction by two separate overnight mailings, each

containing part of the confidential identification codes required to place bids. **These mailings will be sent only to the contact person at the contact address listed in the FCC Form 175.**

Applicants that do not receive both registration mailings will not be able to submit bids. Therefore, any qualified applicant that has not received both mailings **by noon on Friday, February 18, 2000 should contact the Auctions Hotline at 1-(888) 225-5322 (option #2) or (717) 338-2888.** Receipt of both registration mailings is critical to participating in the auction and each applicant is responsible for ensuring it has received all of the registration material.

Qualified bidders should note that lost login codes, passwords or bidder identification numbers can be replaced only by appearing in person at the FCC Auction Headquarters located at 445 12th St., S.W., Washington, D.C. 20554. Only an authorized representative or certifying official, as designated on an applicant's FCC Form 175, may appear in person with two forms of identification (one of which must be a photo identification) in order to receive replacement codes. Qualified bidders requiring replacement codes must call technical support prior to arriving at the FCC to arrange preparation of new codes.

7. Remote Electronic Bidding Software

Qualified bidders are allowed to bid electronically or telephonically. Those choosing to bid electronically must purchase remote electronic bidding software for \$175.00 **by February 8, 2000.** (Auction software is tailored to a specific auction, so software from prior auctions will not work for Auction # 26.) A software order form is included in this bidder information package. If bidding telephonically, the appropriate phone number will be supplied in the second Federal Express mailing of confidential login codes.

8. Mock Auction

All applicants whose FCC Form 175 have been accepted for filing will be eligible to participate in a mock auction on **Tuesday, February 22, 2000.** The mock auction will enable applicants to become familiar with the electronic software prior to the auction. Free demonstration software will be available for use in the mock auction. Participation by all bidders is strongly recommended. Details will be announced by public notice.